GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:3363
ANSWERED ON:20.03.2001
RECOMMENDATION OF EXPENDITURE REFORMS COMMISSION
C. SREENIVAASAN;SU THIRUNAVUKKARASAR

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether a number of State Governments have represented the Union Governmentagainst the recommendations of the Expenditure Reforms Commission (ERC) regarding chemical and fertilizers;

(b) if so, the details in this regard;

(c) the estimated loss suffered/to be suffered by the country on account of import of fertilizers in the event of closure of fertilizer companies in the country; and

(d) the steps taken/proposed to be taken in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI S. B. MOOKHERJEE)

(a) & (b) : Yes, Sir. State Governments of Uttar Pradesh, Madhya Pradesh, Gujarat,Kerala, Punjab, Haryana and Tripura and Union Territory of Delhi have sent their views on the recommendations made by the Expenditure Reforms Commission(ERC) relating to rationalising fertilizer subsidy.

(c): Government has not so far taken any decision regarding the rates of concession to be announced under the Group Concession Scheme as recommended by ERC. As such,the estimated loss, if any, suffered/to be suffered by the fertilizer companies cannot be indicated.

(d) : The Government is in the process of formulating a new pricing policy for urea unitsin place of existing Retention Price-cum-Subsidy Scheme, keeping in view therecommendations of ERC.The proposed policy will aim at bringing in uniformity and transparency in disbursement of subsidy payments and will induce urea units to take cost reduction measures on their own to be competitive. Moreover, the Task Force constituted to study the impact of the provisions of the WTO on the current policies ofthe Government in the fertilizer sector and to evolve strategy for combating its adverse impacts, if any, has submitted its report in January 2001. This report is under examination of the Government.